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UNIVERSITY OF PENNSYLVANIA

THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

JULY 1, 1943

WITH continued adjustments in the economy of the Third Federal Reserve District to the requirements of war, the output of manufactured goods is establishing new high records. The production of coal has been reduced by recent work stoppages. Awards of building contracts have declined sharply from exceptional peaks last fall, as the Government restricts all but the most essential construction. Contracts placed in May were the smallest in this district for any month since 1935.

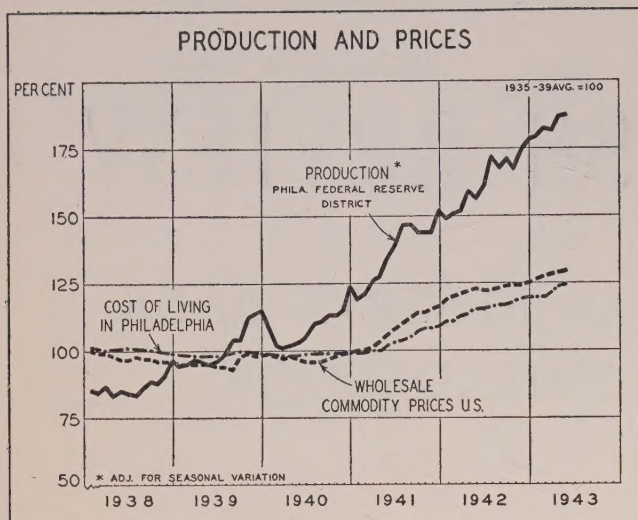
Employment in the factories of Pennsylvania has not changed materially in late months, but average hours worked per employee have been lengthening and hourly earnings have increased. Total payrolls in May were estimated to be nearly \$50 million weekly, as against about \$20 million just before the outbreak of war in Europe.

Increased purchasing power, also evidenced in larger farm cash income, at a time when the supply of consumers' durable goods is greatly curtailed, has been reflected in more active demand for other types of goods. Sales of department and apparel stores reporting to this Bank have shown substantial gains over a year ago, but stocks of goods in many cases have declined considerably. The over-all level of retail prices in Philadelphia, measured by the cost of living, was 27 per cent higher in May of this year than in August 1939.

Manufacturing. The market for manufactures in this district reflects expanding military requirements for the products of heavy industries and continued active demand for a wide range of nondurable merchandise for essential civilian use. With recent readjustments in production schedules at certain war plants largely completed, commitments for most heavy goods are again increasing. Orders for building materials, however, have continued to decline as the volume of new construction was reduced. Sales of lighter products, including many textiles and leather manufactures, were fairly well maintained in the past month, and in a few lines increases over a year ago were reported. Shortages of skilled labor and raw materials have necessitated the acceptance of orders on an allotment basis in numerous instances, as all civilian requirements cannot be met.

In most munitions and other heavy industries operations continue near capacity. In the case of primary steel, however, output has receded somewhat from the peak rate prevailing in early May, owing to the uncertain outlook for fuel supplies, and the necessity of repairing open hearth furnaces. Activity at establishments turning out nondurable goods to meet war and essential civilian requirements continues unusually high for this time of the year.

Employment in Pennsylvania factories in May declined slightly from the April peak, but wage payments increased about one per cent.

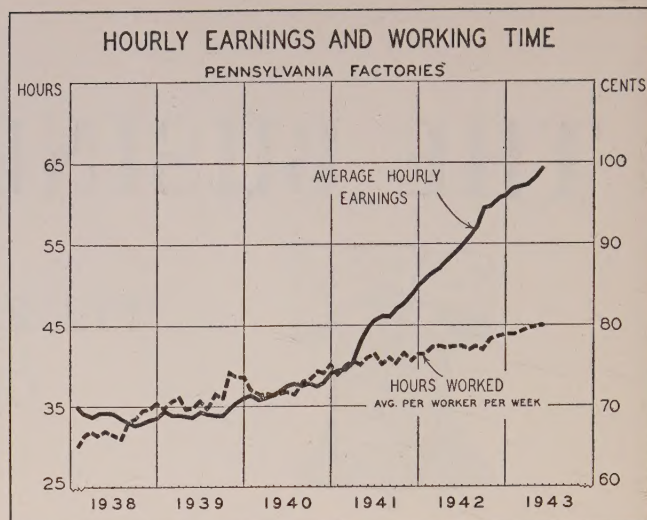


The number of wage earners was estimated at over 1,200,000 and the volume of payrolls at a new high of almost \$50 million a week. Increases over May 1942 amounted to 4 and 24 per cent respectively. Total employee hours worked was about the same as in April but 11 per cent greater than a year ago. Over the twelve months, activity continued to show the most pronounced gains in the heavy goods lines.

The weekly income of wage earners at reporting concerns in Pennsylvania rose to a new high average of \$44.46 in May, from \$43.90 in April and \$37.43 a year ago. Average hourly earnings also increased to a new peak of 99½ cents, as against 89 cents in May 1942. Working time, averaging 45 hours a week per employee, was the greatest in well over a decade.

At reporting factories in Delaware, employment increased 2 per cent and wage disbursements 5 per cent from April to May; total employee hours rose 3 per cent in the month. Compared with a year ago, the number employed increased 31 per cent, payrolls 59 per cent and working time 36 per cent.

Output of factory products in this district rose slightly further from April to May and was over one-fifth larger than a year earlier. Increases in the month occurred in the case of the transportation equipment, chemical, food, leather products, and paper industries. In the five months ended May, the production of durable goods showed a gain of 37 per cent over 1942, as against an increase of only one per cent in the output of lighter products.

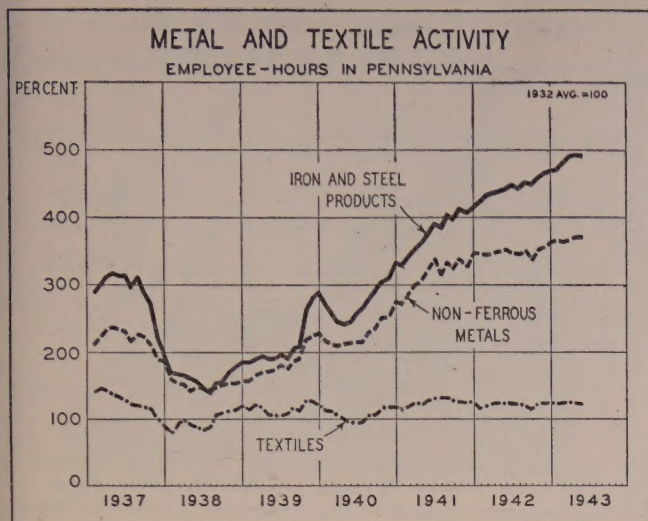


Coal and other fuels. A continued high rate of industrial activity and expanding military requirements have resulted in an exceptionally strong demand for all fuels. Reserves of anthracite and bituminous coal in this district, as elsewhere, have been reduced by several suspensions of mining operations in the past two months. Stocks of petroleum products in Atlantic Seaboard states continue low.

Production of anthracite declined 4 per cent in May to 5,200,000 tons, but continued above a year ago, when the mines were operating only five days a week. Operations were suspended once in May and twice during the first three weeks of June. Production in the five months ended in May increased 6 per cent over the same period last year, but estimated requirements for 1943 call for an increase in tonnage of about 8 per cent.

The output of bituminous coal in Pennsylvania increased somewhat in May, although operations in these mines also were interrupted at the beginning of the month. Production was 4 per cent below 1942, and slightly less in the first five months this year than last. Reduced output over part of June reflected further labor difficulties.

Building. Government restrictions on construction projects not vital to the war effort are reflected in a lower level of building activity than prevailed in this district during the spring and early summer of 1942. At that time, the shortage of labor was less acute, and appreciable quantities of steel and other critical items were being diverted to essential construction.

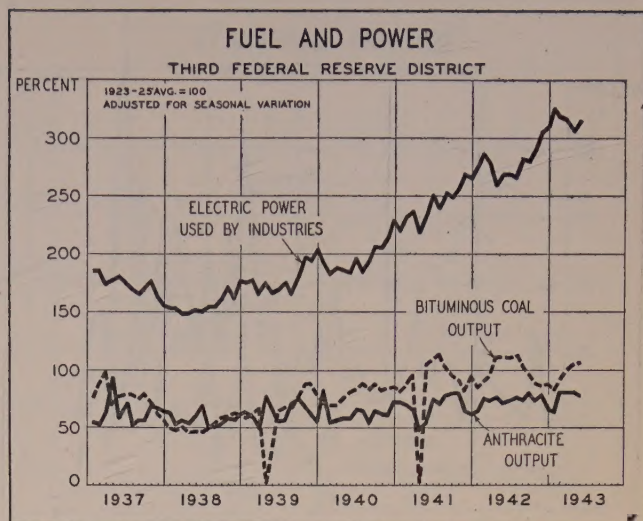


Factory building was rising steeply toward a war-time peak, military installations of various types were under construction, and operations on housing projects were being pushed to meet the needs of a great number of war workers moving into centers of munitions production.

The value of contracts awarded has declined sharply in recent months from the thirteen-year high reached late last year. Placements in May, totaling \$8 million, dropped more than 50 per cent from April, and were 66 per cent less than a year ago. Residential building contracts were reduced by nearly one-third in the month and awards for nonresidential structures about three-fourths. Declines from May 1942 ranged from 56 per cent for factories to 90 per cent for commercial buildings, which include warehouses and similar facilities. In the first five months of 1943 contract awards aggregating \$88 million were 36 per cent smaller than in the same period last year, with small dwellings and factories showing the largest declines.

Agriculture. Growing conditions in this district improved considerably during June, and the outlook for most crops is more favorable than earlier this season. Farm work progressed satisfactorily wherever adequate supplies of labor were available, but operations still are behind schedule, owing to an unusually late start and the large amount of replanting occasioned by excessive rains in May.

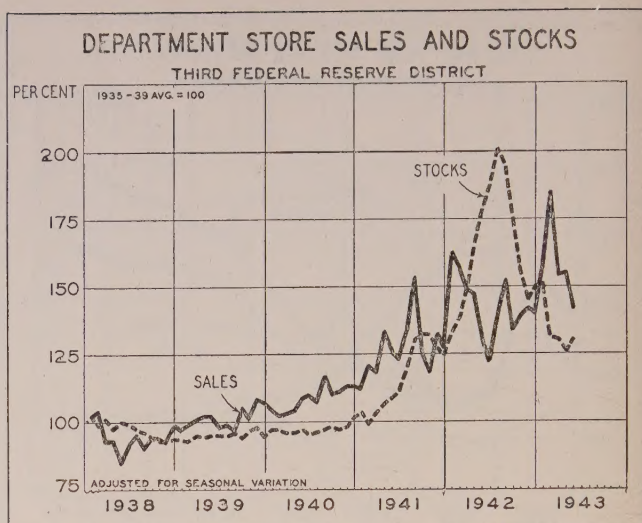
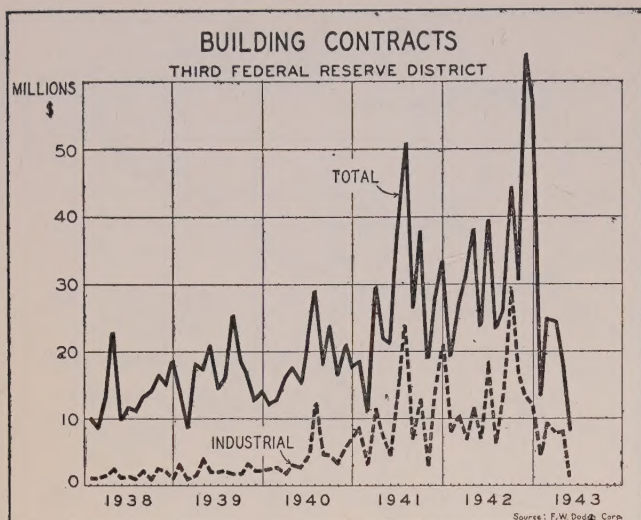
Higher temperatures and moderate rainfall have stimulated the growth of truck crops, hay, and pastures, and the winter grains are matur-



ing rapidly. Conditions have been favorable for planting tobacco in the principal growing region of Pennsylvania and the early outlook for the crop is satisfactory. The production of orchard fruits is expected to be smaller than in 1942; some winter killing and frost damage has been reported, and prolonged wet weather this spring interrupted spray schedules, permitting a considerable amount of disease and insect damage.

The market for virtually all agricultural commodities has continued to strengthen. Prices received by farmers have risen, and farm cash income has increased more sharply than in the early months of last year. Receipts from the sale of farm products in Pennsylvania, New Jersey, and Delaware exceeded \$200 million in the four months ended April, an increase of 23 per cent over 1942, and the largest for the period in over a decade. Income from livestock products sold showed the most pronounced rise in the year, according to the Department of Agriculture.

Trade. Retail sales at reporting stores in this district continue larger than in 1942, reflecting the higher purchasing power of consumers resulting from increases in payrolls and farm cash income. There is less evidence at present of large purchases in anticipation of shortages, such as prevailed for a time in the winter when sales of clothing were abnormally high. With supplies of consumers' durable goods low, the demand has been concentrated in wearing apparel and a wide range of other soft goods items. The principal exception to this trend is



in sales of leather footwear, which have been reduced from the 1942 level through rationing.

Department store sales in this district in May were 9 per cent larger than a year ago. More pronounced increases were shown by establishments specializing in women's and men's apparel, while sales by shoe stores declined 20 per cent. In the five months ended May, department and women's apparel stores reported increases over 1942 of 6 and 22 per cent respectively, but sales by men's apparel and shoe stores decreased somewhat.

Inventories at department stores increased slightly from April to May but were sharply smaller than a year ago. Outstanding commitments for merchandise have risen steeply since the turn of the year, as merchants attempt to maintain inventories. At the close of May these orders were nearly double the dollar volume of a year earlier.

Collections during May continued close to the high rates prevailing in earlier months this year. At department stores in this district the ratio of collections to outstandings on installment accounts was 24 per cent, as against only 18½ in May 1942. The ratio on regular charge accounts rose to 61 per cent from about 49 per cent.

Business at wholesale increased further in May, when the value of sales in seven reporting lines was almost one-third greater than in 1942. Gains over a year ago, and in the five months ended May, occurred in electrical sup-

plies, dry goods, groceries, and drugs, but sales of hardware, jewelry, and paper were smaller. Inventories decreased in the month in most lines and were smaller than in May 1942.

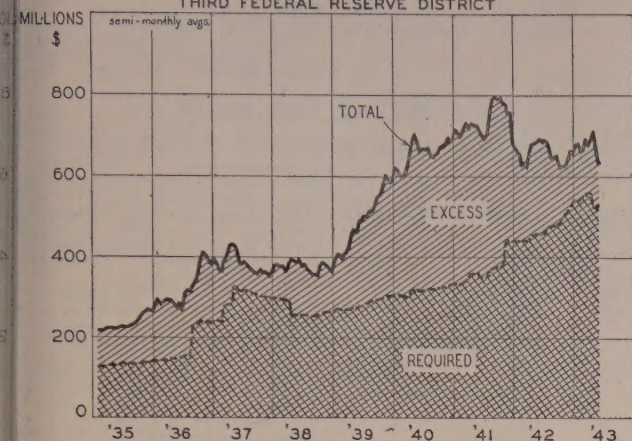
Primary distribution remains unusually active, with rail freight shipments, measured in revenue ton miles, continuing substantially larger than a year ago, according to the Association of American Railroads. Throughout the country, the increase in May was estimated at 12½ per cent, and in the first five months was about 23 per cent. In this section the volume of freight handled by the carriers also has continued above 1942 levels, although the number of cars loaded has been somewhat smaller.

Banking conditions. Toward the close of June the Treasury offered for subscription \$2.5 billion of 1½ per cent notes, due in September 1947. To promote noninflationary financing of the war, every effort is being made to encourage increased purchases of War Savings bonds under the payroll savings plan. Other recent developments in the fiscal field include the calling of \$1.4 billion of 3¼ per cent bonds of 1943-45 for payment on October 15, increased issues of Treasury bills, and the redemption of over \$1 billion of bonds and notes on June 15.

Many banking institutions in this district have been submitting tenders for the weekly offerings of Treasury bills. The majority avail themselves of the privilege of bidding a fixed price of 99.905 on amounts up to \$100,000, on which they receive allotment in full. Placements here on the nine issues since April have

MEMBER BANK RESERVES

THIRD FEDERAL RESERVE DISTRICT



arranged from \$23 million to \$44½ million, and the amount of new money raised, measured by the excess of allotments over maturities of bills originally placed in the district, has aggregated \$93 million. In bidding for these securities, banks take cognizance of the fact that they may be converted into cash through sale to the Reserve Bank at a discount rate of ¾ per cent per annum. Treasury bill portfolios of a group of reporting banks in this district totaled nearly one-quarter billion dollars on June 23, as against only \$34 million a year earlier.

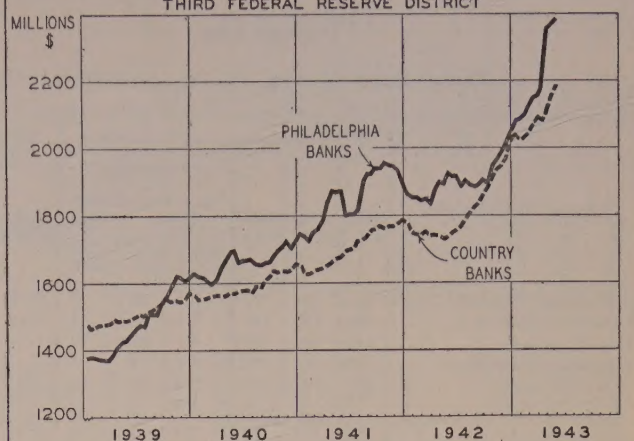
Bills held by the Federal Reserve Bank under the repurchase option have expanded considerably in recent weeks. Largely as a result of the funds so supplied and the substantial amounts gained in interdistrict commercial transactions, member bank reserves increased slightly to \$639 million in the five weeks ended June 23. This was in the face of large amounts absorbed through Treasury operations. Receipts of the Treasury, including income tax collections and withdrawals from depositaries, exceeded disbursements by \$132 million. Currency demand continued to rise, except over the tax period.

Reports on the reserve position of member banks covering the first half of June show that in the case of Philadelphia banks excess reserves were equal to 7 per cent and amounts due from banks to 24 per cent of required reserves. At the country banks these proportions were respectively 35 and 104 per cent.

Earning assets of reporting member banks, although down somewhat recently, show a net

DEPOSITS AT MEMBER BANKS

THIRD FEDERAL RESERVE DISTRICT



increase of more than \$300 million to \$2,091 million since the close of 1942, owing to purchases of Federal Government securities. In the five weeks ended June 23 there was a decline of \$45 million. The investments in Treasury certificates, notes and bonds increased somewhat, but holdings of Treasury bills declined, reflecting in part sales for reserve adjustment purposes. Commercial loans, including open market paper, decreased \$10 million to \$233 million and are more than one-fifth below the level of a year ago.

Adjusted demand deposits, which include the balances of individuals and business concerns, had been rising at the reporting banks since early May, chiefly as a result of Treasury expenditures. There was some shrinkage in the week ended June 23, when the bulk of the income taxes was collected, but over a five-week period a net gain of \$83 million to \$1,645 million was reported. This was not sufficient to offset heavy Treasury withdrawals and somewhat smaller balances to the credit of other banks, so total deposits declined \$75 million to \$2,426 million.

Gross deposits at all member banks in the Third Federal Reserve District averaged \$4.6 billion in the first half of June, showing an increase of \$900 million in the past year. Since August 1939, the gain has amounted to more than \$1.5 billion, reflecting increases of 56 per cent at banks in Philadelphia and 46 per cent at those elsewhere in the district.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
	May 1943	April 1943	May 1942	Per cent change			May 1943	April 1943	May 1942
				May 1943 from		1943 from 5 mos. 1942			
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	152p	151	127r	0	+ 20	+ 19	151p	150	126
MANUFACTURING	156p	155	128	+ 1	+ 22	+ 21	156p	154	127
Durable goods	252p	253	187r	0	+ 35	+ 37			
Consumers' goods	93p	92	89	+ 2	+ 4	+ 1			
Metal products	177	181r	158	- 2	+ 12	+ 12	175	175r	157
Textile products	73p	74	73	- 1	+ 1	- 4	71p	71	70
Transportation equipment	677p	664	398r	+ 2	+ 70	+ 80	700p	685	413r
Food products	106p	101	93r	+ 5	+ 14	+ 12	101p	96	88r
Tobacco and products	114	114	119	0	- 4	- 5	111	104	115
Building materials	40	43	53	- 8	- 24	- 19	41	43	55
Chemicals and products	161p	154	132	+ 5	+ 22	+ 10	163p	156	134
Leather and products	123p	111	131	+ 11	- 6	- 13	112p	109	119
Paper and printing	90	90	92	+ 1	- 2	- 2	92	91	93
Individual lines									
Pig iron	102	94	103	+ 9	- 1	- 1	106	106	107
Steel	134	133r	123	+ 1	+ 8	+ 6	140	139	129
Silk manufactures	88	86r	88	+ 2	- 1	+ 3	84	85	85
Woolens and worsteds	64p	65	60	- 2	+ 7	- 4	60p	60	57
Cotton products	58	56	60	+ 3	- 4	+ 4	57	58	59
Carpets and rugs	58p	57	45	+ 1	+ 29	- 6	57p	56	44
Hosiery	79	81	79	- 1	0	- 3	79	81	79
Underwear	160	164	153	- 2	+ 4	+ 5	162	161r	155
Cement	42	50	74	- 18	- 44	- 34	47	50	83
Brick	59	61r	68	- 4	- 14	- 8	62	64r	73
Lumber and products	29	29	32	- 1	- 9	- 9	27	28	30
Bread and bakery products	104	96	95	+ 1*	+ 16*	+ 14*	111	110	96
Slaughtering, meat packing	76	77	47	+ 178	+ 60	+ 26	104	94	95
Sugar refining	136p	130	107r	+ 4	+ 27	+ 27	111p	109	81r
Canning and preserving	114	113	119	- 1	- 4	- 5	111	103	115
Cigars	85	83	85	- 2	- 1	- 6	85	84	85
Paper and wood pulp	91	91	93	- 1	- 2	- 2	92	93	94
Printing and publishing	138	125r	146	+ 10	- 6	- 7	125	125r	133
Shoes	109p	97	116	+ 12	- 6	- 21	99p	94	105
Leather, goat and kid	85	83r	82	+ 3	+ 3	- 3	90	87r	87
Paints and varnishes	155	156	151	- 1	+ 3	+ 4	161	162	157
Coke, by-product	81	84	76r	- 3	+ 6	+ 5	80	83	75r
COAL MINING	78	81	72r	- 4	+ 8	+ 6	78	81	72r
Anthracite	107	105	111	+ 2	- 4	- 1	97	96	100
Bituminous	406	416	461	- 2	- 12	+ 9	422	428	480
CRUDE OIL	414	403	363	+ 3	+ 14	+ 12	385	395	337
ELEC. POWER—OUTPUT	400	397	352	+ 1	+ 14	+ 12	384	409	338
Sales, total	316	306	269	+ 3	+ 18	+ 16	322	309	274
BUILDING CONTRACTS									
TOTAL AWARDS†	67	93	126	-28	- 47	- 5	64	89	121
Residential†	43	67	67	-37	- 36	+ 5	45	62	71r
Nonresidential†	75	112	155	-33	- 51	- 13	79	115	163
Public works and utilities†	119	115	240	+ 3	- 51	- 2	83	106	168

* Unadjusted for seasonal variation.

† 3-month moving daily average centered at 3rd month.

p—Preliminary

r—Revised.

Local Business Conditions*

Percentage change—May 1943 from month and year ago	Employment		Payrolls		Building permits value		Retail Sales		Debits	
	April 1943	May 1942	April 1943	May 1942	April 1943	May 1942	April 1943	May 1942	April 1943	May 1942
Allentown	- 1	- 3	+ 1	+ 19	- 87	+ 22	- 11	+ 3	- 8	+ 11
Altoona	0	- 4	- 1	+ 4	+ 29	+ 1	- 7	+ 6	- 11	- 4
Harrisburg	0	- 8	+ 2	+ 12	+ 263	+ 372	- 2	+ 18	- 19	+ 18
Johnstown	- 1	- 7	+ 2	+ 13	+ 26	- 97	- 7	0	- 12	- 4
Lancaster	0	+ 11	+ 2	+ 34	+ 368	+ 37	- 8	+ 6	- 13	+ 9
Philadelphia	0	+ 14	0	+ 36	+ 25	- 12	- 7	+ 9	- 23	+ 16
Reading	- 1	- 6	+ 1	+ 18	0	- 76	- 4	+ 14	- 12	+ 2
Scranton	+ 2	+ 2	+ 4	+ 19	- 95	- 20	- 12	+ 7	- 17	- 6
Trenton						+ 235	- 6	+ 21	+ 7	- 1
Wilkes-Barre	0	+ 5	- 1	+ 3	- 44	+ 7	- 12	+ 10	- 11	+ 16
Williamsport	- 1	+ 9	+ 1	+ 30	- 33	- 49			- 9	+ 21
Wilmington	+ 2	+ 46	+ 5	+ 82			- 4	+ 3	- 23	+ 22
York	- 2	- 2	- 1	+ 11		- 33	- 7	+ 12	- 13	+ 9

* Area not restricted to the corporate limits of cities given here.

Indexes: 1932 = 100	Employment			Payrolls		
	May 1943 index	Per cent change from		May 1943 index	Per cent change from	
		April 1943	May 1942		April 1943	May 1942
GENERAL INDEX	132	- 1	- 1	308	0	+ 1
Manufacturing	183	- 1	+ 4	461	+ 1	+ 3
Anthracite mining	52	- 2	- 18	77	- 15	-
Bituminous coal mining	85	- 2	- 18	308	- 10	-
Building and construction	47	+ 4	- 19	114	+ 7	-
Quar. and nonmet. mining	101	- 2	- 19	303	- 5	-
Crude petroleum prod.	137	+ 2	- 1	208	- 1	+ 1
Public utilities	99	0	- 4	135	0	+ 1
Retail trade	110	- 5	- 3	148	- 3	-
Wholesale trade	108	- 2	- 9	143	- 1	+ 1
Hotels	100	+ 4	0	151	+ 1	+ 1
Laundries	108	0	- 7	175	+ 3	-
Dyeing and cleaning	103	+ 2	- 8	184	+ 1	+ 1

Manufacturing

Indexes: 1923-5 = 100	Employment*			Payrolls*		
	May 1943 index	Per cent change from		May 1943 index	Per cent change from	
		April 1943	May 1942		April 1943	May 1942
TOTAL.....	117	- 1	+ 4	188	+ 1	+ 1
Iron, steel and products.....	130	- 1	+ 6	265	+ 1	+ 1
Nonferrous metal products.....	194	+ 1	+ 2	380	- 2	- 1
Transportation equipment.....	145	+ 1	+ 32	250	+ 1	+ 1
Textiles and clothing.....	86	- 2	- 6	123	0	- 1
Textiles.....	78	- 1	- 6	113	0	+ 1
Clothing.....	115	- 2	- 8	170	- 1	- 1
Food products.....	111	+ 1	+ 1	159	+ 3	- 1
Stone, clay and glass.....	88	- 2	- 8	121	0	+ 1
Lumber products.....	51	0	- 12	74	- 1	- 1
Chemicals and products.....	122	0	+ 5	203	+ 2	+ 1
Leather and products.....	84	- 2	- 14	120	- 3	- 1
Paper and printing.....	100	0	- 2	138	+ 1	+ 1
Printing.....	91	0	- 1	119	+ 1	- 1
Others:						
Cigars and tobacco.....	61	- 3	- 13	82	- 3	+ 1
Rubber tires, goods.....	128	+ 2	+ 38	234	+ 2	+ 1
Musical instruments.....	61	- 17	- 2	106	- 15	- 1

* Figures from 2928 plants.

Hours and Wages

Factory workers Averages May 1943 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL	45.0	+ 6	\$.994	+ 12	\$44.46	+ 1
Iron, steel and prods.	46.2	+ 7	1.065	+ 10	49.15	- 1
Nonfer. metal prods.	44.8	+ 7	.913	+ 11	40.94	- 1
Transportation equip.	47.7	+ 1	1.138	+ 11	54.24	- 1
Textiles and clothing	40.6	+ 5	.708	+ 13	28.58	- 1
Textiles	41.2	+ 6	.733	+ 14	30.12	- 1
Clothing	39.2	+ 5	.650	+ 11	25.52	- 1
Food products	44.0	+ 8	.774	+ 9	34.23	- 1
Stone, clay and glass	39.3	+ 3	.874	+ 7	34.38	- 1
Lumber products	43.7	+ 5	.699	+ 12	30.34	- 1
Chemicals and prods.	44.6	+ 12	1.007	+ 9	44.86	- 1
Leather and prods.	40.7	+ 3	.711	+ 11	28.82	- 1
Paper and printing	42.7	+ 5	.864	+ 9	37.18	- 1
Printing	39.7	+ 3	1.009	+ 9	40.12	- 1
Others:						
Cigars and tobacco	42.3	+ 10	.576	+ 13	24.37	- 1
Rubber tires, goods	44.3	+ 6	.914	+ 9	40.48	- 1
Musical instruments	43.9	+ 7	.925	+ 15	45.30	- 1

* Figures from 2770 plants.

† Figures from 2928 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	May 1943 from		1943 from 5 mos. 1942
	Month ago	Year ago	
Prices			
Total of all lines.....	+ 6	+ 32	+12
Drugs.....	- 6	+ 2	+ 6
Dry goods.....	+ 6	+ 35	+16
Electrical supplies.....	+21	+115	+57
Groceries.....	0	+ 23	+ 9
Hardware.....	- 1	+ 11	-14
Jewelry.....	+26	- 4	- 8
Paper.....	+10	- 9	-30
Inventories			
Total of all lines.....	- 3	- 26	.....
Dry goods.....	- 1	- 28	.....
Electrical supplies.....	- 5	- 46	.....
Groceries.....	- 3	- 20	.....
Hardware.....	- 1	- 26	.....
Jewelry.....	-17	- 25	.....
Paper.....	+ 5	- 13	.....

Source: U. S. Department of Commerce.

Prices	May 1943	Percent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (1926=100).....	176	0	+ 6	+ 76
Wholesale (1926=100).....	104	0	+ 5	+ 39
Food.....	126	+ 1	+20	+106
Food.....	110	+ 2	+12	+ 64
Other.....	97	0	+ 1	+ 21
Living costs (1935-1939=100).....				
United States.....	125	+ 1	+ 8	+ 27
Philadelphia.....	125	0	+ 9	+ 27
Food.....	142	+ 1	+19	+ 52
Clothing.....	128	0	+ 1	+ 29
Rent.....	107	0	0	+ 4
Fuels.....	106	0	+ 2	+10
Housefurnishings.....	123	0	+ 1	+ 22
Other.....	115	0	+ 4	+ 14

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939=100	Adjusted for seasonal variation						Not adjusted		
	May 1943	Apr. 1943	May 1942	Per cent change			May 1943	Apr. 1943	May 1942
				May 1943 from		1943 from 5 mos. 1942			
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	141p	155	130	- 9	+ 9	+ 6	139p	148	128
Philadelphia.....	142	159	130	-11	+ 9	+ 7	136	146	125
Women's apparel.....	137	129	113	+ 6	+21	+22	131	149	108
Men's apparel.....	131	141	112	- 7	+17	- 4	125	142	107
Shoe.....	107	145	134	-26	-20	- 1	139	179	174
Inventories									
Department stores—District.....	130	126	181	+ 4	-28	.....	131	130	182
Philadelphia.....	130	125	183	+ 4	-29	.....	130	128	183
Women's apparel.....	165	140	159	+18	+ 4	.....	160	140	154
Shoe.....	94	97	118	- 2	-20	.....	100	104	125
FREIGHT-CAR LOADINGS									
Total	142	141	146	0	- 3	- 6	143	134	147
Merchandise and miscellaneous.....	131	135	132	- 3	0	- 7	135	134	136
Merchandise—l.c.l.....	86	87	83	- 1	+ 3	-16	86	87	83
Coal.....	158	172	166	- 8	- 5	- 1	141	137	148
Ore.....	217	199	256	+ 9	-15	-22	276	104	325
Coke.....	232	247	235	- 6	- 1	+ 2	197	200	200
Forest products.....	119	128	150	- 7	-21	- 8	114	108	144
Grain and products.....	132	116	113	+14	+17	+ 4	123	108	105
Livestock.....	134	114	115	+18	+17	+ 9	122	105	104
MISCELLANEOUS									
Life insurance sales.....	106	107	77	0	+38	- 8	105	107	76
Business liquidations									
Number.....				-30*	-70*	-59*	21	30	69
Amount of liabilities.....				-73*	-82*	+90*	4	16	23
Check payments.....	161	207	141	-22	+14	+18	161	202	141

* Computed from unadjusted data.

p—Preliminary.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

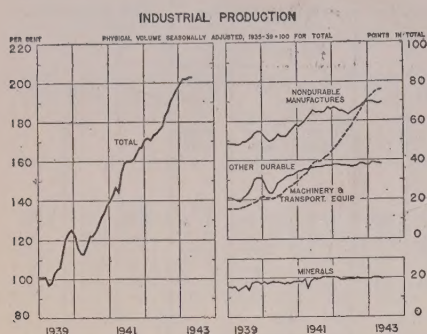
Reporting member banks (000,000's omitted)	June 23, 1943	Changes in—		
		Five weeks	One year	
Assets				
Commercial loans.....	\$ 233	-\$10	-\$ 67	
Loans to brokers, etc.....	31	- 4	+ 5	
Other loans to carry secur.....	11	.....	.....	*
Loans on real estate.....	44	.....	- 5	
Loans to banks.....	5	+ 5	+ 3	
Other loans.....	111	- 4	.....	*
Total loans.....	\$ 435	-\$13	-\$ 98	
Government securities.....	\$1376	-\$31	+\$792	
Obligations fully guaranteed.....	73	.....	+ 10	
Other securities.....	207	- 1	- 49	
Total investments.....	\$1656	-\$32	+\$753	
Total loans & investments.....	\$2091	-\$45	+\$655	
Reserve with F. R. Bank.....	400	- 7	- 93	
Cash in vault.....	28	.....	+ 1	
Balances with other banks.....	83	- 17	.....	↑
Other assets—net.....	60	- 4	- 7	
Liabilities				
Demand deposits, adjusted.....	\$1645	+\$83	+\$272	
Time deposits.....	160	- 3	- 8	
U. S. Government deposits.....	254	-145	+ 246	
Interbank deposits.....	367	- 10	.....	↑
Borrowings.....	.....	.....	- 2	
Other liabilities.....	14	+ 2	- 2	
Capital account.....	222	.....	+ 5	
Not available.				
Reciprocal bank balances now reported net.				

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—					Changes in five weeks
	May 26	June 2	June 9	June 16	June 23	
Sources of funds:						
Reserve Bank credit extended in district.....	+11.1	+26.0	- 1.5	- 8.8	+50.4	+ 77.2
Commercial transfers (chiefly interdistrict).....	+ 4.1	- 2.9	+ 2.4	+47.1	+20.9	+ 71.6
Treasury operations.....	-18.7	- 2.9	- 5.2	- 8.6	-97.1	-132.5
Total.....	- 3.5	+20.2	- 4.3	+29.7	-25.8	+16.3
Uses of funds:						
Currency demand.....	+ 8.6	+17.1	- 0.9	+ 0.2	- 4.6	+20.4
Member bank reserve deposits.....	- 9.4	+ 2.6	- 0.3	+29.2	-20.8	+ 1.3
"Other deposits" at Reserve Bank.....	- 2.8	+ 0.5	- 3.3	+ 0.2	- 0.5	- 5.9
Other Federal Reserve accounts.....	+ 0.1	+ 0.0	+ 0.2	+ 0.1	+ 0.1	+ 0.5
Total.....	- 3.5	+20.2	- 4.3	+29.7	-25.8	+16.3

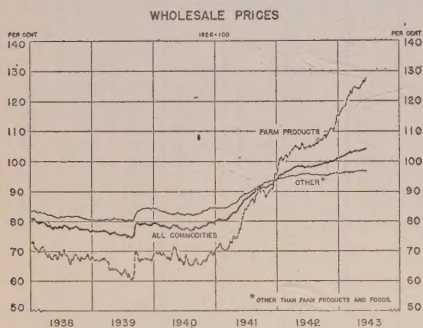
Federal Reserve Bank of Phila. (Dollar figures in millions)	June 23 1943	Changes in—		
		Five weeks	One year	
Bills discounted.....	\$ 0.2	-\$ 0.3	-\$ 0.6	
Bills bought.....	0	0	0	
Industrial advances.....	4.7	- 0.1	- 0.6	
U. S. securities.....	439.4	+ 44.6	+ 234.2	
Total.....	\$444.3	+\$44.2	+\$233.0	
Note circulation.....	962.1	+ 25.1	+ 299.2	
Member bk. deposits.....	638.8	+ 1.3	- 49.1	
U. S. general account.....	0.5	- 15.2	- 4.5	
Foreign deposits.....	89.4	+ 12.8	+ 16.6	
Other deposits.....	5.1	- 5.9	- 3.7	
Total reserves.....	1266.4	- 33.5	+ 7.9	
Reserve ratio.....	74.7%	- 2.8%	- 12.9%	

Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Phila. banks				
1942: June 1-15.....	\$482	\$312	\$170	54%
1943: May 1-15.....	411	343	68	20%
May 16-31.....	387	350	37	11%
June 1-15.....	383	359	24	7%
Country banks				
1942: June 1-15.....	\$210	\$146	\$ 64	44%
1943: May 1-15.....	262	179	83	46%
May 16-31.....	246	182	65	36%
June 1-15.....	252	187	65	35%

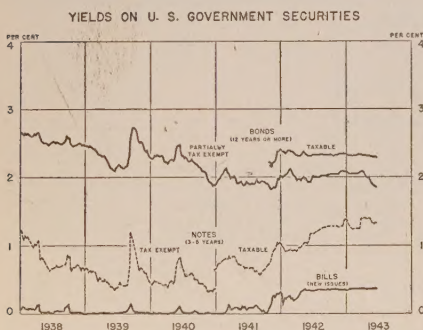
National Summary of Business Conditions



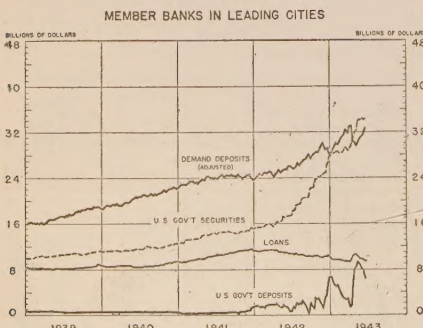
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for May, 1943.



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending June 12, 1943.



Averages of daily yields on notes and bonds and average discount on bills offered. Bills are tax-exempt prior to March 1941, taxable thereafter. Weekly figures, latest shown are for week ending June 19, 1943.



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for June 16, 1943.

Production. Total volume of industrial production, as measured by the Board's seasonally adjusted index, remained in May at the level reached in April. Activity in munitions industries continued to rise, while production of some industrial materials and foods declined slightly. Aircraft factories established a new record in producing 7,000 planes in May.

In most nondurable goods industries there were small increases or little change in activity. Meat production, however, reached a record high level for May reflecting a sharp advance in hog slaughtering. Seasonally adjusted output of other manufactured foods continued to decline. Newsprint consumption showed little change, and publishers' stocks declined further to a 50-day supply on May 31. Consumption for the first five months of 1943 was only 5 per cent below the same period in 1941, whereas a reduction of 10 per cent had been planned.

The temporary stoppage of work in the coal mines at the beginning of May brought production of bituminous coal and anthracite down somewhat for the month. Iron ore shipments on the Great Lakes continued to lag in May behind the corresponding month of 1942.

The value of contracts awarded for construction continued to decline in May, according to reports of the F. W. Dodge Corporation. Total awards were about 65 per cent smaller than in May a year ago.

Distribution. During May the value of sales at department stores decreased more than seasonally, and the Board's adjusted index declined 5 per cent. Sales, however, were about 15 per cent above a year ago, and during the first five months of this year showed an increase of 13 per cent over last year. In general, the greatest percentage increases in sales have occurred in the Western and Southern sections of the country where increases in income payments have been sharper than elsewhere.

Freight-car loadings advanced seasonally in May but declined sharply in the first week in June, as coal shipments dropped 75 per cent from their previous level, and then recovered in the second week of June as coal production was resumed.

Commodity prices. Prices of farm products, particularly fruits and vegetables, advanced during May and the early part of June, while wholesale prices of most other commodities showed little change.

Retail food prices showed further advances from the middle of April to the middle of May. On June 10 maximum prices for butter were reduced by 10 per cent and on the 21st of the month retail prices of meats were similarly reduced with Federal subsidy payments being made to processors.

Agriculture. Prospects for major crops, according to the Department of Agriculture, declined during May while output of livestock products continued a large volume, as compared with earlier years. Indications are that acreage of crops may not be much below last year but that yields per acre will be reduced from the unusually high level of last season.

Bank credit. Excess reserves at all member banks declined from 2 billion dollars in early May to 1.5 billion in the latter part of the month and remained at that general level through the first half of June. As the Treasury expended funds out of war loan accounts which require no reserves, the volume of deposits subject to reserve requirements increased and the level of required reserves rose by 600 million dollars in the four weeks ending June 16, while continued growth of money in circulation resulted in a drain on bank reserves of 400 million dollars. These reserve needs were met in part by Treasury expenditures from balances at the Reserve Banks and in part by Federal Reserve purchases of Treasury bills. Reserve banks continued to reduce their holdings of Treasury bonds and notes in response to a market demand for these issues.

During the four weeks ending June 16, Treasury bill holdings at member banks in 101 leading cities fluctuated widely, reflecting primarily sales and repurchases on option account by New York City banks in adjusting their reserve positions. Holdings of bonds and notes declined somewhat while certificate holdings increased. Loans to brokers and dealers in securities declined sharply during the period, as repayments were made on funds advanced for purchasing or carrying Government securities during the April War Loan Drive. Commercial loans continued to decline.

Government security prices advanced during May following the close of the Second War Loan Drive, but in the early part of June there were small declines.